

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of)	
Lifeline and Link up Reform and Modernization)	WC Docket No. 11-42
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Lifeline and Link Up)	WC Docket No. 03-109

**COMMENTS OF THE BENTON FOUNDATION, CENTER FOR RURAL
STRATEGIES, PUBLIC KNOWLEDGE and UNITED CHURCH OF CHRIST, OC INC.**

The Benton Foundation and Center for Rural Strategies, Public Knowledge, and United Church of Christ, OC Inc. respectfully submits these comments in response to the Federal Communications Commission’s Notice of Proposed Rulemaking regarding changes to the Lifeline and Link-Up programs¹.

The Benton Foundation² works to ensure that media and telecommunications serve the public interest and enhance our democracy. Benton pursues this mission by seeking policy solutions

¹ *Lifeline and Link Up Reform and Modernization, Federal-State Joint Board on Universal Service, Lifeline and Link Up*, WC Docket No. 11-42, CC Docket No. 96-45 and WC Docket No. 03-109, Notice of Proposed Rulemaking, FCC 11-32 (rel. March 4, 2011) (“*NPRM*”)

² www.benton.org

that support the values of access, diversity and equity, and by demonstrating the value of media and telecommunications for improving the quality of life for all. Benton is also a member of the Federal Communication Commission's (Commission) Consumer Advisory Committee (CAC) and through which Benton is a member of the broadband subcommittee. Benton has long advocated for the ubiquitous telecommunications access for all citizens.

The Center for Rural Strategies³ seeks to improve economic and social conditions for communities in the countryside and around the world through the creative and innovative use of media and communications. By presenting accurate and compelling portraits of rural lives and cultures, we hope to deepen public debate and create a national environment in which positive change for rural communities can occur. Rural Strategies helps communities and nonprofit organizations incorporate media and communications into their work in support of strategic goals.

Public Knowledge⁴ is a Washington, D.C.-based public interest group working to defend citizens' rights in the emerging digital culture. Their first priority is promote innovation and the rights of consumers, while working to stop any bad legislation from passing that would slow technology innovation, shrink the public domain, or prevent fair use.

The United Church of Christ⁵ is a faith community rooted in justice that recognizes the unique power of the media to shape public understanding and thus society. For this reason, UCC's Office of Communication, Inc. (OC, Inc.) works to create just and equitable media structures that give meaningful voice to diverse peoples, cultures and ideas. Established in 1959, OC Inc. ultimately established the right of all citizens to participate at the Federal Communications Commission as part of its efforts to ensure a television broadcaster in Jackson, MS served its African-American viewers during the civil rights movement.

Introduction

We are pleased to see that the Commission is moving forward with reform and modernization of the Lifeline and Link Up programs. These programs provide critical support to our most vulnerable citizens and work to diminish the barrier of cost. This Commission has taken a bold step in outlining a pathway for a broadband future with the National Broadband Plan and we believe that to fully realize the goals of that plan the Commission must carefully consider the reform, management and modernization the program with connects our low-income communities with telecommunications. Our comments focus on the proposed cap to the fund, changes to eligibility, verification and enrollment and the development of broadband pilot

³ <http://www.ruralstrategies.org>

⁴ <http://www.publicknowledge.org>

⁵ <http://www.uccfiles.com/ocinc/>

programs. We also endorse the proposals of the Center for Rural Strategies, the Leadership Conference and National Consumer Law Center in regard to the issues related Lifeline and Link Up reform and modernization.

I. The Commission should not constrain the fund for Lifeline Link Up until efficiency measures and broadband modernization has been implemented, and should reconsider the current allocation among the Universal Service Funds

The Commission seeks input on the proposals to constrain the overall size of the fund allocate to the Lifeline and Link Up program.⁶ In the NPRM the commission proposes imposing a cap on the Lifeline program keyed off of the 2010 disbursement of \$1.3 billion.⁷ As noted in the NPRM program is currently successfully reaching only approximately 30 percent of eligible recipients. Particularly given the negative economic conditions afflicting most of the United States and the critical importance of broadband access for individuals seeking jobs and training, it would be very harsh to cap a program just when it is most needed. Since the Commission is currently considering programmatic changes that will target some of the recent sources of growth in the program, it seems more appropriate to determine whether those changes have the desired impact before adopting a cap.

We are also concerned with the implementation of a cap on the Lifeline fund. Lifeline does not follow an annual funding application cycle like the e-rate program. It would be inappropriate to offer service to the first individuals to apply for it during a funding year – it would lead to a lack of predictability for recipients and administrative nightmares for carriers and administrators. Such a system could well lead to individuals who are eligible cycling on and off the program as money runs out. If the Commission chooses to implement a cap, it should identify a way to target individuals most in need and continuity of support.

The Commission should also reconsider the overall balance of funding as between the high cost fund and the Lifeline fund. There is no reason that the current ratio of funding for high cost areas and Lifeline is appropriate, merely because these are the levels of expenditure in 2010. It would be much better for the Commission to identify program goals and resources and then make a determination about funding levels once the basic elements of the program are determined.

⁶ NPRM para 142.

⁷ NPRM para 145.

II. **The Commission should expand eligibility and improve service for the low-income community**

A. The Commission should accurately define and implement the one per household rule

The NPRM seeks responses to questions surrounding the change of the “one per residence rule” in the Lifeline and Link Up programs.⁸ Specifically, the Commission has incorrectly characterized the Lifeline eligibility limitation as a “one per address” limit, when in fact the limit is one per *household*. As the Commission is well aware, more than one household can often reside at one address, whether that be multiple households in a homeless or domestic violence shelter, or the reality of families sharing homes during difficult economic times. We propose the following definition of household: “Any individual or group of individuals who are living together as one economic unit,” which is based on the LIHEAP definition.⁹ The use of “household” would be consistent with the Commission’s current eligibility and certification rules. The Commission’s current income-eligibility criteria for default states is defined as “all income received by all members of the household.”¹⁰ Providers and states would then use addresses to implement the eligibility rule, but it would not be the only means to verify households. Also, attempts to administer a one address rule would be a very burdensome. The U.S. population is very mobile. According to a recent story, approximately 37.1 million Americans — 12.5% of the population — changed addresses from 2008 to 2009.¹¹ Determining whether someone shares an address with someone else in the program will do little to determine if they actually are living together. This new definition would go a long way to solving the problem of residents of group homes obtaining Lifeline support. The term “dwelling” should be defined broadly to allow for shelters and commercial residential properties such as single room occupancies (SROs). These new definitions will remove existing barriers to Lifeline support for income and program-eligible residents of group homes.

⁸ NPRM para 103-125.

⁹ See 42 U.S.C. § 8622 (6).

¹⁰ 47 C.F.R. § 54.400(f) and 47 C.F.R. § 54.409(b). Furthermore, consumers must present documentation of household income in the certification and verification process (47 C.F.R. § 54.410(a) and (c)(2)) and the Commission’s certification and verification rules also require consumers to certify the number of individuals in their household. (§ 54.410 (b)(3) and (c)(2)).

¹¹ Haya El Nasser, *More move, but not long distance*, USA TODAY, May 11, 2010

http://www.usatoday.com/news/nation/census/2010-05-10-mobility_N.htm

B. The Commission should expand eligibility and take other steps to increase efficiencies in enrollment, certification and verification

The NPRM seeks responses to questions surrounding the change in income eligibility from 135% of the poverty line to 150%.¹² We endorse the Federal-State Joint Board on Universal Service's recommendation that the Commission mandate minimum uniform eligibility criteria for all states and making eligibility for Lifeline more consistent with other federal programs by increasing eligibility from 135% to 150% of the federal poverty guideline (FPG).¹³ Such a change will bring consistency and will benefit a particularly vulnerable group of consumers who may fall through the cracks without imposing a significant economic burden since so many programs that indicate Lifeline eligibility already accept at least 150 percent of poverty.¹⁴

The NPRM also seeks insight into the benefits of eligibility uniform minimum income- and program-based eligibility standards.¹⁵ We strongly endorse uniform standards and collection of additional information from the Lifeline program. Uniform standards will simplify implementation of the program. In order to increase outreach to improve enrollment figures, we also endorse setting aside funds to support non-profits to do outreach and education. Further we support financial incentives and penalties for carrier and state management of their programs.

The NPRM also sees insight into the benefits of coordinated enrolment.¹⁶ We support a mandatory transition plan to ensure all states adopt joint enrollment in Lifeline with other federal benefit programs. This single change will do more to improve participation rates than just about any other change the Commission could make. These programs need not be expensive, and can build on collaborations among state and federal benefits programs that already exist. Many states are moving toward single online benefits portals that assist residents with all federal benefits programs in the state. These efforts should particularly take all measures to assist the availability of Lifeline and Linkup to low-income housing, such as multiple occupant dwellings subsidized with government funds. At the same time that we support joint enrollment as the most useful way to expand enrollment in Lifeline, we also encourage the FCC not to rely solely on coordinated enrollment as a means of applying for Lifeline.

¹² NPRM para 152.

¹³ Id.

¹⁴ National Consumer Law Center and TURN Joint Board Comments at 9-10 (citing comparably high eligibility rates for SNAP, TANF, Section 8 Housing and LIHEAP.)

¹⁵ NPRM para 153.

¹⁶ NPRM para 199.

III. **Broadband Pilots necessary for proper modernization of the Lifeline and Link Up programs**

A. Broadband pilot programs will give the Commission critical on-the-ground data needed to formulate a long-term transition to broadband-focused Lifeline and Link Up programs

The NPRM seeks responses to questions surrounding the creation of pilot programs to deliver broadband access through the Lifeline and Link Up programs.¹⁷ Benton strongly supports the creation of pilot programs as a technique for the Commission to carefully negotiate the transition from traditional voice services to the multifaceted services available through broadband access.

To achieve broadband adoption in the most vulnerable communities we must use these pilot projects to test a combination of solutions. Some projects should test partnerships between institutional/community broadband providers (such as schools, libraries, and municipalities) and state government. These partnerships could provide participants with a trusted physical institution to turn to for computer training and would also allow for the expanded use of existing infrastructure. We strongly urge the Commission to think creatively as they begin to develop and deploy the pilot program.

B. The scope of pilot programs must be broad enough to test out partnerships in a variety of geographic, demographic and socio-economic settings

The NPRM proposes to fund a series of projects, Benton agrees with a broad and varied series of projects.¹⁸ Successful broadband adoption demands different solutions in different settings. It is critical that the Commission consider developing programs in different locations focused on different populations and investigating different methods. The Commission should seek out rural and urban underserved locations, but also seek out areas with different types of communities. It is critical that the Commission test programs with non-English speaking populations, with Native American populations, with communities that have been cut off from traditional commercial activity. The Commission must also test programs that look beyond eligible telecommunications carrier (ETC) capacity. On this point Benton strongly urges the Commission to use pilot programs to fully explore the benefits of

¹⁷ NPRM para 279.

¹⁸ NPRM para 280.

working with non-ETCs to connect low-income communities. Utilizing community groups, community institutions (schools and libraries), and other non-profit or for-profit groups could open up new and sustainable broadband adoption options.

While the NPRM clearly states that the Commission will not be changing the Lifeline and Link-up programs to include equipment subsidies, we are pleased that the pilot projects will be free to include proposals that include equipment.¹⁹ Benton believes that to fully utilize the pilot project approach, the Commission must create some pilots that take into account all the missing links to low-income broadband adoption.

C. Pilot programs should be built to maximize data for overall assessment

The NPRM points out that pilot programs will be testing training methods, outreach methods, contract terms, product offerings/restrictions, and administration/enrollment methods.²⁰ Assessment of pilot programs on these markers is critical to the success of the pilot program and modernization of the programs. To maximize the use of limited pilot project dollars, the Commission should encourage proposals to take a multifaceted approach. For example the Rural Economic Development Center, Inc. (e-NC Authority) developed the NC LITE-UP program through ARRA funding.²¹ This program will target 270 households with three different levels of assistance. While all of the households will receive equipment and a year of information technology assistance, each of the three groups will get differing levels of adoption support. One group will receive 100% of the cost of monthly service, but, within the 90 participants, 45 will receive training and 45 will not. The second group will receive 50% of the cost of monthly service, again with split between 45 with training and 45 with no training. Finally, the third group will receive no monthly subsidy and again 45 of the households will receive training while the remaining 45 will receive training. The grant for the NC LITE-UP program also included ongoing deployment data gathering and policy work surrounding broadband deployment. This three-year program will cost \$6,610,996. We highlight this proposal as an excellent example of a pilot project designed to drive data for assessment. While the scale of the project may not be useful for data gathering around enrollment or administration,

¹⁹ NPRM para 282.

²⁰ NPRM para 284.

²¹ <http://www2.ntia.doc.gov/grantee/rural-economic-development-center-inc-e-nc-authority>

it does provide the insight into the combination of resources need to stimulate adoption.

Also through ARRA, One Economy has begun the “Make it Easy Where You Are” campaign to improve digital literacy and broadband adoption.²² One Economy’s program includes computer training, wireless Internet access, broadband awareness marketing, and online content and applications for residents of 159 affordable and public housing developments and low-income communities in 50 cities and towns across 31 states and the District of Columbia²³ By focusing on developing resources within the community, the One Economy project invests in training youth to become the computer adoption trainers. The program also invests in creating local jobs for each community served and also provides direct subsidies and equipment. Finally, this program has evaluation baked in with a mechanism for surveys of the population to assess adoption and use. With such a large scale this program also comes at a greater cost -- \$28,519,482. This program is another excellent example of a non-ETC providing a critical piece of the adoption puzzle.

The Blandin Foundation focused their adoption program on encouraging uptake in rural communities in Minnesota.²⁴ Partnering with small business, local government and other critical service providers, Blandin is training participants how to use technology and to help communities understand why broadband is important to their daily lives. Providing a combination of support through digital literacy, funding support to institutional broadband providers, and consumer equipment, the program seeks to reach all of Minnesota’s 80 rural communities. The total cost of this program is \$4,858,219.

We highlight these three examples to impress upon the Commission the very real need to create a wide variety of test programs. We hope that the Commission will consider using pilot programs focused on differing aspects of broadband adoption to be used in concert with one another. We urge the Commission to move quickly to define as many innovative programs as possible and move towards implementation.

²² <http://www2.ntia.doc.gov/grantees/OneEconomyCorp>

²³ Alabama, Arkansas, California, Connecticut, District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Massachusetts, Maryland, Michigan, Minnesota, Missouri, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Virginia, Washington, Wisconsin

²⁴ <http://www2.ntia.doc.gov/grantees/CKBlandin>

E. Pilot program funding should not be delayed due to decisions related to changes in administration of the Lifeline and Link-Up programs

The NPRM seeks comment on the funding structure of the pilot program.²⁵ The NPRM correctly points out that the pilots are intended as test cases and are not to be designed to have an immediate or large-scale impact on low-income consumers. Thus estimating savings from the reform of the program is one valid funding source for the programs. However, while each pilot may need only a relatively small amount, it is important that the Commission prepare a large enough funding base for pilots to accommodate the need for multiple pilots over multiple years. The Commission should consider sources from the proposed Mobility Fund, efficiencies gained from high-cost reform, and non-governmental in kind resources.

The Commission should implement a minor recalibration between the low income and high cost funds. There is currently a wide disparity between expenditures on high cost areas and low-income individuals. In 2010, high cost support was \$4.5 billion, or 56% of the total fund, whereas low-income support was \$1.2 billion, which is only 15 percent of the total fund.²⁶

The Commission stated that it could save close to \$1 billion from the high cost program through a variety of measures such as reforming the inter-carrier compensation methodology. At this time, the Commission has proposed that the full \$1 billion in saving from the high cost program will be diverted to the Connect America Fund. We suggest that if cost savings are achieved through eliminating administrative duplicity and squeezing out nonproductive expenses, some portion of that efficiency, perhaps 25 percent, should be set aside for the low-income program.

We recommend that a portion of these reallocated funds should be spent on the pilot projects and the remainder added to the rest of the existing program. We recommend funding the pilot programs at the \$50 million level, using the \$23 million identified by the Commission as well as additional funds from increased efficiencies in other parts of USF. To illustrate, the average BTOP adoption grant was \$5.7 million (\$251 million for 44 projects),²⁷ \$50 million would appear to be the minimum needed to fund sufficient projects to create a critical mass of data for proper

²⁵ NPRM para 287.

²⁶ <http://www.usac.org/about/governance/fcc-filings/2011/quarter-2.aspx>.

²⁷ National Telecommunications and Information Administration. The Broadband Technology Opportunities Program: Overview of Grant Awards, Available at: http://www.ntia.doc.gov/reports/2010/NTIA_Report_on_BTOP_12142010.pdf

evaluation. In addition, we note that we have also identified another source of revenue for the Lifeline program: we support adoption of financial penalties against carriers or administrators that engage in fraud or waste or fall significantly short of program goals, such as outreach. These penalties can also be used to augment the funds already collected and provide market-based incentives to improved program operation.

F. States should have input in the development of pilot projects

The NPRM seeks comment on the role of states in the pilot program.²⁸ As our e-NC Authority example points out above, there are efficiencies to be gained from working with strong state partners. However, we would like to stress that the pilots must be developed with some speed and that the Commission should understand that state governments are under great levels of financial stress. Therefore it is critical that state partners assisting the Commission are used efficiently. State partners at the Commission level can help Commission staff understand what types of programs are already on the ground, provide insight into projects in proposed areas or for proposed populations.

G. Consumers eligibility should be expanded for pilot programs

The NPRM seeks input on the proposal to use pilots to test out rules related to eligibility.²⁹ The pilot programs are a great opportunity to allow the community to tackle the problem of consumer eligibility.³⁰ Benton strongly advocates the expansion of program eligibility to at least 150% of the poverty line and also supports the expansion of the programs to group homes. The Commission, of course, would have to discretion to only fund programs that it feels adequately address the problems associated the expansion in eligibility.

H. Non-ETCs should be able to apply for pilots

The NPRM seeks comment on the role of non-ETCs in the pilot program.³¹ On this point Benton strongly encourages the Commission to develop pilots that encourage collaborations and partnerships between traditional industry

²⁸ NPRM para 291.

²⁹ NPRM para 292.

³⁰ NPRM para 292.

³¹ NPRM para 294.

(telecommunications providers) government (federal, state and municipal), anchor institutions (schools and libraries), and relevant non-profits. USF has long been dominated by carriers and administered by state and federal government. These pilot projects could shed light on new ways of providing access and encouraging adoption that could lighten the burden on both the carriers and government.

I. Pilot Evaluation must be a priority of all pilot programs

The NPRM seeks comment on evaluation of pilot programs.³² The primary purpose of the pilot program is to assess the landscape of broadband adoption in low-income communities and also to assess what solutions work and which do not. Assessment must be baked into each program at its inception and administration costs around evaluation and data gather must be properly set aside. We have learned from our work on the Rural Healthcare program that administration costs are a critical component to the viability of pilots. The Commission should ensure that these pilot programs clearly identify a pathway for evaluation but also have the adequate resources for successful evaluation.

IV. Eligible Telecommunications Carrier (ETC) Requirements

The NPRM also seeks comments on requirements of the ETC participating in the Universal Service Fund (USF).³³ We would like the Commission to consider enhancing Lifeline and Link Up service requirements for all ETCs. For an ETC to be eligible to participate in USF it must offer broadband – whether via wired or wireless fixed or mobile, terrestrial or satellite - as at least one of its service options.

Conclusion

The Lifeline and Link Up programs are at a critical threshold. Efficiencies to the existing voice service could help ensure expanded enrollment and improved management. The creation of thoughtful and varied pilot programs will help to educate the Commission and the public on the tools that successfully lead to broadband adoption in low-income communities. These pilots could also provide must needed test cases to develop new non-ETCs partners for both adoption and even deployment. However, if the Commission decides to curtail the program and set a limiting cap before results from reform and pilots return, the Commission could seriously stunt the program as a whole. We urge the Commission to remain focused on the goals of reform and modernization before any decision to curtail the program's resources.

³² NPRM para 297.

³³ NPRM para 305.

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